



**Economic and Social
Council**

Distr.
GENERAL

E/CN.4/Sub.2/1998/NGO/20
23 July 1998

ENGLISH

Original: ENGLISH, FRENCH AND
SPANISH

COMMISSION ON HUMAN RIGHTS
Sub-Commission on Prevention of
Discrimination and Protection
of Minorities
Fiftieth session
Item 4 of the provisional agenda

THE REALIZATION OF ECONOMIC, SOCIAL AND CULTURAL RIGHTS

Joint written statement submitted by the American Association of
Jurists, a non-governmental organization in special consultative
status, and Centre Europe-Tiers Monde, a non-governmental
organization on the Roster

The Secretary-General has received the following written statement which
is circulated in accordance with Economic and Social Council
resolution 1996/31.

[10 July 1998]

Analysis and comments on the report of the Secretary-General
on "Entrepreneurship and privatization for economic growth
and sustainable development" (A/52/428)

1. In his report to the General Assembly on "Entrepreneurship and privatization for economic growth and sustainable development" (A/52/428), the Secretary-General has taken an unequivocal position in favour of a single economic model, defying all historical and empirical evidence.
2. In our view, the Secretary-General has exceeded the mandate given to him by the General Assembly in resolution 48/180 of 21 December 1993, to present a biennial report on the policies and activities related to the spirit of enterprise and privatization, to the abolition of monopolies and administrative deregulation. Despite this limited mandate, which calls for a descriptive report, the Secretary-General has exceeded it and taken an unequivocal position in favour of those business and political interests promoting free-market policies, weakening the role of the State and further undermining efforts of the international community to achieve the Charter of the United Nations objectives to promote human and social well-being.
3. The report of the Secretary-General shows that the "economic model" that he is seeking to promote is entirely in accordance with the profit-oriented imperative of transnational corporations and banks to "globalize" in order to cut costs and capture markets, whatever the social, economic and political consequences for the peoples of the countries concerned.
4. The model is in fact, the imposition of a single economic system, which reinforces the dependence of the majority of the world's peoples and nations on the rich countries and their economic and financial elites. Furthermore, policies linked to globalization seek to restore and strengthen neo-colonial relationships between former colonies and colonizers, rejecting the principles which became internationally recognized following long struggles for independence of colonized nations and peoples: national sovereignty, permanent sovereignty over their wealth, natural resources, economic activities and the right of peoples to self-determination.
5. The report of the Secretary-General cannot be examined in isolation from another political act, which was his first public appearance in the World Economic Forum at Davos, Switzerland, where he called for a "partnership" between large corporations and the United Nations. It is not by coincidence that it is in a Forum of the rich and the powerful and not of the social actors that the Secretary-General decided to present his analysis of the global situation, to announce his choice of partners and to set the stage for his future work.
6. In his address, the Secretary-General stated that United Nations initiatives to promote free-market policies are reflections of the "realities of a changing world". According to him:
 - (a) "There is a universal understanding that market forces are essential for sustainable development";

(b) "The role of the State is changing in most of the developing world, from one that seeks to dominate economic life, to one which creates the conditions through which sustainable development is possible"; and

(c) "There is growing and compelling evidence that the poor can solve their own problems if only they are given fair access to financial and business development services".

7. It is not our intention in this statement to repeat all that has already been said and written about the negative impact of globalization on human rights. Instead, we seek to demonstrate the invalidity and inaccuracy of the premises on the basis of which the Secretary-General has arrived at his conclusion, to show that his economic model is in line with the exclusive profit-oriented imperative of transnational corporations and banks to globalize, whatever the social and political consequences; and, to underline that his political and ideological statements are incompatible with the role accorded to his function by the Charter of the United Nations, and particularly with the duty of neutrality, mentioned in Article 100.

The premises or assumptions of the Secretary-General's report

8. In his address to the World Economic Forum in Davos, the Secretary-General stated that "economic and political liberalization is being embraced by countries throughout the world", that this reflects the "realities of a changing world" as well as the existence of a "new universal understanding" on the essential role of "market forces". The Secretary-General lauds the private sector and free-market policies. But what achievements are his claim based upon? He omits answering this question. An objective answer would have made it difficult, if not impossible, for the Secretary-General to promote his "ideological" model for sustainable development.

9. In claiming universal recognition, Mr. Kofi Annan seems particularly to ignore that the "economic and political liberalization" that we see, particularly in the Third World countries, does not, in most cases, reflect an exercise of their sovereign rights. On the contrary, such liberalization was imposed on these Governments through the exercise of coercion by international financial institutions or by rich countries: International Monetary Fund/World Bank conditionalities and structural adjustment programmes imposed on debt-ridden countries, and unilateral economic embargoes and sanctions.

10. The Secretary-General seems to ignore the growing governmental criticism around the world to policies of economic liberalization and the growing domination of market forces. A number of Third World Governments, in particular, are expressing growing concern about the social and political conflicts engendered by undue emphasis on "market forces", and the threat to democracy that this represents. These preoccupations are made very clear in General Assembly resolution 52/136 about the right to development, adopted on 12 December 1997, by a large majority (for: 129; against: 12; abstentions: 32). There is irrefutable evidence that the international community is deeply concerned about the economic model that is now being promoted by the Secretary-General, and has recognized that this model has accelerated and accentuated inequalities and injustice. It is socially, politically, environmentally and economically untenable.

11. The Secretary-General ignores growing popular resistance of a local, national and international scale to capital-led globalization.

12. The Secretary-General appears to be ignorant of what is being said in other parts of the United Nations system, particularly about human rights. Concerns about the social and human impact of globalization have grown, not diminished. These are reflected, *inter alia*, in declarations and programmes of action of recent world conferences, particularly the World Summit for Social Development held in Copenhagen, which focused on unemployment, poverty and social exclusion; in Commission on Human Rights and Sub-Commission resolutions and studies on the human rights impact of foreign debt, International Monetary Fund/World Bank policies and programmes and the activities and methods of work of transnational corporations, the human rights debate on the impact of globalization on economic, social and cultural rights and the right to development; in United Nations Development Programme reports; in studies conducted by the United Nations Research Institute for Social Development (UNRISD); in debates and documents of International Labour Organization conferences, etc.

13. Based on assumptions that are unsubstantiated, historical, ideological and selective, the Secretary-General goes on to declare that "deregulation" has become the key word for reform of the State (A/52/428, para. 50) and to advocate the sale of public enterprises, including "ownership and management to investors who have the experience and skills to upgrade the performance, even if this means at times selling assets to foreign buyers" (paragraph 29). At the beginning of the same paragraph, the Secretary-General opposes a "wide distribution" of the privatized corporations' capital. That is against the participation of small savings. It sounds like a call to promote the domination of big corporations by transnational capital.

14. The Secretary-General has decided to ignore that the public sector and nationalized services have contributed to social progress, social cohesion and technological innovation. The analysis of the Secretary-General is also deficient and one-sided in that he fails to recognize that, often, it is the imposition of private sector management criteria such as efficiency and profit that have had a negative impact on the efficiency of public enterprises and undermined the very aim of the public enterprises and services.

"Partnership" between the public sector and private sector

15. The importance of partnership between the public and private sectors, if the private sector is to become the motor of economic growth, appears as a leitmotiv in the report of the Secretary-General. All his recommendations are formulated in one direction - "partnership with private enterprises" to implement decisions of world conferences, promote privatization, abolish monopolies (i.e. State monopolies), change taxation policies in favour of private initiatives, and implement Economic and Social Council conclusions, particularly those concerning national and international action to create conditions favourable to foreign investment and international trade. Furthermore, the Secretary-General reiterates his intention, made public in July 1997, in the context of his reform proposals for the United Nations, to establish a liaison service with the business community and informs us that arrangements are being made to establish a mechanism for continued dialogue

between representatives of the business community and organs of the United Nations (paragraph 216, action 17 (c) and (d), report of the Secretary-General A/51/950).

16. We have argued above that the Secretary-General's arguments in favour of the free market is neither based on economic and social reality in any part of the world nor on any intellectual and coherent reasoning. Actually, we have to question the Secretary-General's motivations for taking such "oriented" statements concerning the economical and social field. However, the answer can be found in Mr. Kofi Annan's address to the World Economic Forum: "market capitalism has no major ideological rival". This, then, is the clear admission by the Secretary-General of a political and ideological choice to instrumentalize the United Nations to promote the dominant interests and their economic model.

17. This statement, based on political and ideological arguments, is incompatible with the function of the chief administrative officer of an Organization (Article 97 of the Charter), which proclaims itself not only to be universal, but also to act on behalf of the United Nations peoples. The report of the Secretary-General is against the universality and the multilateralism representing the essence of the United Nations.

18. Anyone that feels concerned with the United Nations future should fight for the return to the values and spirit of the Charter. On the other hand, anyone who might think those values are out of date should be requested to speak frankly.
